

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 2282 - SB 2275**

April 1, 2009

**SUMMARY OF BILL:** Defines “adult care home” as a licensed single family residence in which 24-hour residential care is provided to no more than five elderly or disabled adults. Creates a regulatory and licensure program under the authority of the Board for Licensing Health Care Facilities for adult care homes and establishes dietary, facility, safety, and staffing requirements for adult care homes. Creates the adult care home delivery system and establishes standards for health care services at adult home care facilities. The rulemaking provisions of the Act will take effect on July 1, 2009, and January 1, 2010, for all other purposes.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue - \$198,400**

**Increase State Expenditures - \$12,900/One-Time  
\$194,400/Recurring**

**Assumptions:**

- According to the Bureau of TennCare, the adult care homes will offer a lower cost residential alternative to persons who can no longer live alone and who do not have family or other caregivers to assist them. Capitation payments to managed care contractors will cover all long-term care services including nursing facility services.
- The TennCare CHOICES program allows funds to follow the persons into the most appropriate, cost-effective, long-term care setting of their choice. Any costs incurred to provide the new adult home care services will be offset by a decrease in expenditures for other types of assisted-living services that will not be utilized due to an additional option for services.
- According to the Bureau of TennCare, the FY09-10 budget anticipates the availability of adult care home services, as well as assisted living facility services, which will offer 24-hour residential supports to persons at a cost that is less than nursing home care.
- According to the Department of Health, there are approximately 330 licensed nursing homes and 104 licensed residential homes for the aged.

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It is estimated that there will be approximately 219 new facilities seeking licensure as an adult care home.

- According to the Department of Health, the Board will need three additional positions. These include a Licensure Technician position to handle the applications and annual renewals, one Public Health Nurse Consultant 1 position to conduct health surveys and perform complaint investigations, and a Fire Protection Specialist to conduct life safety code inspections and complaint investigations.
- These positions are estimated to result in an increase in one-time expenditures of \$12,900 which includes costs for computers (\$4,800) and office set-up (\$8,100).
- These positions are estimated to result in an increase in recurring expenditures of \$194,416 which includes salaries (\$109,266), benefits (\$37,150), administrative costs (\$23,700), communications and networking (\$4,200), office leasing (\$12,300), travel (\$6,000), and supplies (\$1,800).
- According to the Department of Health, the Board charges a \$906 annual licensing fee for facilities with less than 25 beds. The estimated increase in revenue is \$198,414 (219 facilities x \$906).
- Necessary rulemaking will be handled during a regularly scheduled meeting of the Board.
- Pursuant to Tenn. Code Ann. § 68-11-216, the Board for Licensing Health Care Facilities is required to be self-supporting over a two-year period. The Board had a negative closing balance of \$440,300 in FY06-07 and a negative closing balance of \$217,700 in FY07-08.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/kml